Why Traceability?

**Quality-drivers**
- A. Organic
- B. Fine or Flavour
- C. Heavy metals

**Sustainability-drivers**
- A. Farmer conditions
- B. Farmer Premiums
- C. Deforestation-free

---

A. Farmer conditions
B. Farmer Premiums
C. Deforestation-free
Challenges

1. We have created a volume-driven sustainability market.
   • Commitment to 100% sustainable cocoa by the industry.
   • Labeling the product $\rightarrow$ costs/MT rather than costs/KPI.
   • Projects volume driven $\rightarrow$ exclusion of smaller groups.

2. As a result; incentive for mixing;
   • Especially on middlemen level, with unrealistic farmer deliveries.
   • Insufficient control certification & audit bodies.
   • We estimate that <25% of W-African certified cocoa is originating from non-certified farmers.

3. Impact poor traceability;
   • Undermining zero-deforestation initiatives (Cocoa and Forest).
   • Results in oversupply sustainable cocoa $\rightarrow$ declining premiums.
   • Market differentiation; cert vs. cert+ projects.
   • Premiums cert declined from 150 EUR /Mt to 70 EUR /Mt in 2 yrs.
Going forward

Everyone stakeholder has to take his/her responsibility

Industry;
• Increased focus on impact KPI’s in project costing.
• Chocolate companies are making significant progress, but retail private labels are lagging behind.
• Avoid over-contracting of producer groups; more than 1.2 Mt / farmer / year is a risk for W. Africa.
• Increased control on third-party suppliers.

Certification organizations;
• Improved farmer yield estimations.
• Increased upcountry presence.
• Limit mass balance principles per continent to create level playing field on pricing.

Technological tools;
• Should focus on farmer productivity data and output.
• Mapping of farms ≠ traceability, but a first step to reduce mixing.
• Mobile banking is the ultimate solution, but not up-scalable in the next 5-10 years.
• We should prioritize regions near protected forest areas (Cocoa & Forest).
Thank you